

ANNUAL STATEMENT

For the Year Ending December 31, 2002

OF THE CONDITION AND AFFAIRS OF THE

MCAID

NAIC Group Code

3414

(Current Period)

,

0000

(Prior Period)

NAIC Company Code

11557

Employer's ID Number

32-0026448

Organized under the Laws of

Michigan

,

State of Domicile or Port of Entry

Michigan

Country of Domicile

United States of America

Licensed as business type:

Life, Accident & Health[]

Property/Casualty[]

Hospital, Medical & Dental Service or Indemnity[]

Dental Service Corporation[]

Vision Service Corporation[]

Health Maintenance Organization[X]

Other[]

Is HMO Federally Qualified? Yes[X] No[]

Date Incorporated or Organized

09/25/2002

Date Commenced Business

01/01/2003

Statutory Home Office

2301 Commonwealth Blvd.

(Street and Number)

,

Ann Arbor, MI 48377

(City, or Town, State and Zip Code)

Main Administrative Office

2301 Commonwealth Blvd.

(Street and Number)

Ann Arbor, MI 48105

(City or Town, State and Zip Code)

(734)747-8700

(Area Code) (Telephone Number)

Mail Address

2301 Commonwealth Blvd.

(Street and Number or P.O. Box)

,

Ann Arbor, MI 48105

(City, or Town, State and Zip Code)

Primary Location of Books and Records

2301 Commonwealth Blvd.

(Street and Number)

Ann Arbor, MI 48105

(City, or Town, State and Zip Code)

(734)747-8700

(Area Code) (Telephone Number)

Internet Website Address

Statement Contact

Michele L. Laupmanis

(Name)

mlaupman@mcare.med.umich.edu

(E-Mail Address)

(734)332-2623

(Area Code)(Telephone Number)(Extension)

(734)332-2177

(Fax Number)

Policyowner Relations Contact

2301 Commonwealth Blvd.

(Street and Number)

Ann Arbor, MI 48105

(City, or Town, State and Zip Code)

(734)913-2211

(Area Code) (Telephone Number)(Extension)

OFFICERS

PresidentZelda Geyer-Sylvia

ChairmanLazar J. Greenfield M.D. #

Chief Financial OfficerGregory A. Hawkins

SecretaryLarry Warren

TreasurerDouglas L. Strong

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Zelda Geyer-Sylvia

Lazar J. Greenfield M.D. #

State ofMichigan

County ofWashtenawss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)

Zelda Geyer-Sylvia

(Printed Name)

President

(Signature)

Gregory A. Hawkins

(Printed Name)

Chief Financial Officer

(Signature)

Douglas L. Strong

(Printed Name)

Treasurer

a. Is this an original filing?

Yes[X] No[]

b. If no,

1. State the amendment number

2. Date filed

3. Number of pages attached

Subscribed and sworn to before me this

day of

, 2003

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1.	Bonds	1,048,319		1,048,319	
2.	Stocks:				
2.1	Preferred stocks				
2.2	Common stocks				
3.	Mortgage loans on real estate:				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)			(a)	
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$....., Schedule E - Part 1) and short-term investments (\$....., Schedule DA - Part 2)				
6.	Other long-term invested assets				
7.	Receivable for securities				
8.	Aggregate write-ins for invested assets				
9.	Subtotal, cash and invested assets (Lines 1 to 8)	1,048,319		1,048,319	
10.	Accident and health premiums due and unpaid				
11.	Health care receivables				
12.	Amounts recoverable from reinsurers				
13.	Net adjustment in assets and liabilities due to foreign exchange rates				
14.	Investment income due and accrued				
15.	Amounts due from parent, subsidiaries and affiliates				
16.	Amounts receivable relating to uninsured accident and health plans				
17.	Furniture and equipment				
18.	Amounts due from agents				
19.	Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset)				
20.	Electronic data processing equipment and software				
21.	Other nonadmitted assets				
22.	Aggregate write-ins for other than invested assets				
23.	Total assets (Lines 9 plus 10 through 22)	1,048,319		1,048,319	
DETAILS OF WRITE-INS					
0801	.....			
0802	.....			
0803	.....			
0898.	Summary of remaining write-ins for Line 8 from overflow page				
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above)				
2201	.....			
2202	.....			
2203	.....			
2298.	Summary of remaining write-ins for Line 22 from overflow page				
2299.	TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above)				

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)				
2.	Accrued medical incentive pool and bonus payments				
3.	Unpaid claims adjustment expenses				
4.	Aggregate policy reserves				
5.	Aggregate claim reserves				
6.	Premiums received in advance				
7.	General expenses due or accrued				
8.	Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability)				
9.	Amounts withheld or retained for account of others				
10.	Borrowed money (including \$..... current) and interest thereon \$..... (including\$..... current)				
11.	Amounts due to parent, subsidiaries and affiliates				
12.	Payable to securities				
13.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers				
14.	Reinsurance in unauthorized companies				
15.	Net adjustments in assets and liabilities due to foreign exchange rates				
16.	Liability for amounts held under uninsured accident and health plans				
17.	Aggregate write-ins for other liabilities (including \$..... current)				
18.	Total liabilities (Lines 1 to 17)				
19.	Common capital stock	X X X	X X X		
20.	Preferred capital stock	X X X	X X X		
21.	Gross paid in and contributed surplus	X X X	X X X	1,050,000	
22.	Surplus notes	X X X	X X X		
23.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
24.	Unassigned funds (surplus)	X X X	X X X	(1,681)	
25.	Less treasury stock, at cost:	X X X	X X X		
25.1	..... shares common (value included in Line 19 \$.....)	X X X	X X X		
25.2	..... shares preferred (value included in Line 20 \$.....)	X X X	X X X		
26.	Total capital and surplus (Lines 19 to 25)	X X X	X X X	1,048,319	
27.	Total liabilities, capital and surplus (Lines 18 and 26)	X X X	X X X	1,048,319	
DETAILS OF WRITE-INS					
1701	.....			
1702	.....			
1703	.....			
1798.	Summary of remaining write-ins for Line 17 from overflow page				
1799.	TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above)				
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X		
2.	Net premium income	X X X		
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate Write-Ins for Other health care related revenues	X X X		
7.	Total revenues (Lines 2 to 6)	X X X		
Medical and Hospital:				
8.	Hospital/medical benefits			
9.	Other Professional Services			
10.	Outside Referrals			
11.	Emergency room and out-of-area			
12.	Prescription drugs			
13.	Aggregate write-ins for other medical and hospital			
14.	Incentive pool and withhold adjustments			
15.	Subtotal (Lines 8 to 14)			
LESS:				
16.	Net reinsurance recoveries			
17.	Total medical and hospital (Lines 15 minus 16)			
18.	Claims adjustment expenses			
19.	General administrative expenses			
20.	Increase in reserves for accident and health contracts			
21.	Total underwriting deductions (Lines 17 through 20)			
22.	Net underwriting gain or (loss) (Lines 7 minus 21)	X X X		
23.	Net investment income earned			
24.	Net realized capital gains or (losses)		(1,681)	
25.	Net investment gains or (losses) (Lines 23 plus 24)		(1,681)	
26.	Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
27.	Aggregate write-ins for other income or expenses			
28.	Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		(1,681)	
29.	Federal and foreign income taxes incurred	X X X		
30.	Net income (loss) (Lines 28 minus 29)	X X X	(1,681)	
DETAILS OF WRITE-INS				
0601	.....	X X X		
0602	.....	X X X		
0603	.....	X X X		
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
1301	.....		
1302	.....		
1303	.....		
1398.	Summary of remaining write-ins for Line 13 from overflow page			
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)			
2701	.....		
2702	.....		
2703	.....		
2798.	Summary of remaining write-ins for Line 27 from overflow page			
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
31.	Capital and surplus prior reporting year		
GAINS AND LOSSES TO CAPITAL & SURPLUS			
32.	Net income or (loss) from Line 30	(1,681)	
33.	Change in valuation basis of aggregate policy and claim reserves		
34.	Net unrealized capital gains and losses		
35.	Change in net unrealized foreign exchange capital gain or (loss)		
36.	Change in net deferred income tax		
37.	Change in nonadmitted assets		
38.	Change in unauthorized reinsurance		
39.	Change in treasury stock		
40.	Change in surplus notes		
41.	Cumulative effect of changes in accounting principles		
42.	Capital Changes:		
42.1	Paid in		
42.2	Transferred from surplus (Stock Dividend)		
42.3	Transferred to surplus		
43.	Surplus adjustments:		
43.1	Paid in	1,050,000	
43.2	Transferred to capital (Stock Dividend)		
43.3	Transferred from capital		
44.	Dividends to stockholders		
45.	Aggregate write-ins for gains or (losses) in surplus		
46.	Net change in capital and surplus (Lines 32 to 45)	1,048,319	
47.	Capital and surplus end of reporting year (Line 31 plus 46)	1,048,319	
DETAILS OF WRITE-INS			
4501	.....	
4502	.....	
4503	.....	
4598.	Summary of remaining write-ins for Line 45 from overflow page		
4599.	TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above)		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance		
2.	Claims and claims adjustment expenses		
3.	General administrative expenses paid		
4.	Other underwriting income (expenses)		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)		
6.	Net investment income		
7.	Other income (expenses)		
8.	Federal and foreign income taxes (paid) recovered		
9.	Net cash from operations (Line 5 to 8)		
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds		
10.2	Stocks		
10.3	Mortgage loans		
10.4	Real estate		
10.5	Other invested assets		
10.6	Net gains or (losses) on cash and short-term investments		
10.7	Miscellaneous proceeds		
10.8	Total investment proceeds (Lines 10.1 to 10.7)		
11.	Cost of investments acquired (long-term only):		
11.1	Bonds	1,050,000	
11.2	Stocks		
11.3	Mortgage loans		
11.4	Real estate		
11.5	Other invested assets		
11.6	Miscellaneous applications		
11.7	Total investments acquired (Lines 11.1 to 11.6)	1,050,000	
12.	Net cash from investments (Line 10.8 minus Line 11.7)	(1,050,000)	
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in	1,050,000	
13.2	Net transfers from affiliates		
13.3	Borrowed funds received		
13.4	Other cash provided		
13.5	Total (Lines 13.1 to 13.4)	1,050,000	
14.	Cash applied:		
14.1	Dividends to stockholder paid		
14.2	Net transfers to affiliates		
14.3	Borrowed funds repaid		
14.4	Other applications		
14.5	Total (Lines 14.1 to 14.4)		
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)	1,050,000	
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)		
17.	Cash and short-term investments:		
17.1	Beginning of year		
17.2	End of year (Line 16 plus Line 17.1)		

7	Analysis of Operations -	NONE
8	Underwriting Invest Exh Pt 1 - Premiums -	NONE
9	Underwriting Invest Exh Pt 2 - Claims Incurred -	NONE
10	Underwriting Invest Exh Pt 2A - Claims Liab. -	NONE
11	Underwriting Invest Exh Pt 2B - Claims UnPaid -	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Total	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Total	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Total	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid.	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other.	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other.	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other.	NONE
13	Underwriting Invest Exh Pt 2D - A & H Reserve -	NONE
14	Underwriting Invest Exh Pt 3 - Expenses -	NONE

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a).....	.....
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash/short-term investments	(e).....	.....
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	.....	.....
11.	Investment expenses	(g).....	
12.	Investment taxes, licenses and fees, excluding federal income taxes	(g).....	
13.	Interest expense	(h).....	
14.	Depreciation on real estate and other invested assets	(i).....	
15.	Aggregate write-ins for deductions from investment income	N O N E	
16.	Total deductions (Lines 11 through 15)		
17.	Net Investment income (Line 10 minus Line 16)		
DETAILS OF WRITE-INS			
0901	.....	.....	.....
0902	.....	.....	.....
0903	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501	.....	.....	.....
1502	.....	.....	.....
1503	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....	.....	.....	(1,681)	.....	(1,681)
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash/short-term investments .....	.....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	(1,681)	.....	(1,681)
DETAILS OF WRITE-INS						
0901	.....	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....	.....

16	Exhibit 1 - Analysis of Nonadmit. Assets -	NONE
17	Exhibit 2 - Enrollment By Product Type -	NONE
18	Exhibit 3 - Accident and Health Premiums -	NONE
19	Exhibit 4 - Health Care Receivables -	NONE
20	Exhibit 5 - Claims Payable -	NONE
21	Exhibit 6 - Ammounts Due From Parent -	NONE
22	Exhibit 7 - Amounts Due to Parent -	NONE
23	Exhibit 8 - Pt1 - Summary Trans. With Prov -	NONE
23	Exhibit 8 - Pt2 - Summary Trans. With Interm -	NONE
24	Exhibit 9 - Furniture and Equipment Owned -	NONE

Notes to Financial Statement

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	1,048,319	100.000	1,048,319	100.000
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA				
1.512	Issued by FNMA and FHLMC				
1.513	Privately issued				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523	All other privately issued				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash and short-term investments				
9.	Other invested assets				
10.	Total invested assets	1,048,319	100.000	1,048,319	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[] No[] N/A[X]

.....
- 1.3 State Regulating?

.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]

.....
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....
- 3.4 By what department or departments?

.....
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes[] No[X]

4.12 renewals? Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes[] No[X]

4.22 renewals? Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:

.....
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,

7.21 State the percentage of foreign control

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

..... %

1	2
Nationality	Type of Entity
.....

GENERAL INTERROGATORIES (continued)

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Price waterhouseCoopers LLP, 400 Renaissance Center, Detroit, MI 48243-1507

9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
PricewaterhouseCoopers LLP, One North Wacker Drive, Chicago, IL 60622 - Actuary

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?
10.3 Have there been any changes made to any of the trust indentures during the year?
10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[] No[] N/A[X]
Yes[] No[] N/A[X]
Yes[] No[] N/A[X]

BOARD OF DIRECTORS

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?
- Yes[] No[X]

Yes[X] No[]

Yes[X] No[]

FINANCIAL

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
14.11 To directors or other officers
14.12 To stockholders not officers
14.13 Trustees, supreme or grand (Fraternal only)

14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
14.21 To directors or other officers
14.22 To stockholders not officers
14.23 Trustees, supreme or grand (Fraternal only)

15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

15.2 If yes, state the amount thereof at December 31 of the current year:
15.21 Rented from others
15.22 Borrowed from others
15.23 Leased from others
15.24 Other
- \$
\$
\$
\$
\$
\$
\$
\$
\$
\$

Yes[] No[X]

\$
\$
\$
\$
\$
- Disclose in Notes to Financial the nature of each obligation.

16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

16.2 If answer is yes:
16.21 Amount paid as losses or risk adjustment
16.22 Amount paid as expenses
16.23 Other amounts paid
- Yes[] No[X]

\$
\$
\$

GENERAL INTERROGATORIES (continued)

INVESTMENT

17. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
Class	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1. Preferred	Yes[] No[] N/A[X]	Yes[] No[] N/A[X]
2. Common	X X X	X X X	X X X

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits?

18.2 If no, give full and complete information, relating thereto:
Held in trust with Bank One.

Yes[] No[X]

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1).

19.2 If yes, state the amount thereof at December 31 of the current year:

Yes[] No[X]

19.21 Loaned to others

19.22 Subject to repurchase agreements

19.23 Subject to reverse repurchase agreements

19.24 Subject to dollar repurchase agreements

19.25 Subject to reverse dollar repurchase agreements

19.26 Pledged as collateral

19.27 Placed under option agreements

19.28 Letter stock or securities restricted as to sale

19.29 Other

\$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

19.31

19.32

19.33

19.34

19.35

19.36

19.37

19.38

19.39

For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[X]

Yes[] No[] N/A[X]

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

21.2 If yes, state the amount thereof at December 31 of the current year.

Yes[] No[X]

\$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

22.1 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

Yes[X] No[]

1		2
Name of Custodian(s)		Custodian's Address
22.1001	Bank One	611 Woodward Ave, ste MI1-8110m Detroit, MI 48226

GENERAL INTERROGATORIES (continued)

INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
NONE

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes[] No[X]
22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
NONE

22.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
.....

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$
23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
NONE

24.1 Amount of payments for legal expenses, if any? \$
24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
NONE

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$
25.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
NONE

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- | | |
|--|------------------|
| 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? | Yes[] No[X] |
| 1.2 If yes, indicate premium earned on U.S. business only: | \$ |
| 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? | \$ |
| 1.31 Reason for excluding: | |
| 1.4 Indicate amount of premium earned attributable to Canadian and/or Other Alien not included in Item (1.2) above. | \$ |
| 1.5 Indicate total incurred claims on all Medicare Supplement insurance. | \$ |
| 1.6 Individual policies - Most current three years: | |
| 1.61 Total premium earned | \$ |
| 1.62 Total incurred claims | \$ |
| 1.63 Number of covered lives | \$ |
| All years prior to most current three years: | |
| 1.64 Total premium earned | \$ |
| 1.65 Total incurred claims | \$ |
| 1.66 Number of covered lives | \$ |
| 1.7 Group policies - Most current three years: | |
| 1.71 Total premium earned | \$ |
| 1.72 Total incurred claims | \$ |
| 1.73 Number of covered lives | \$ |
| All years prior to most current three years: | |
| 1.74 Total premium earned | \$ |
| 1.75 Total incurred claims | \$ |
| 1.76 Number of covered lives | \$ |
| 2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? | Yes[] No[X] |
| 2.2 If yes, give particulars: | |
| 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? | Yes[X] No[] |
| 3.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? | Yes[] No[X] |
| 4.1 Does the reporting entity have stop-loss reinsurance? | Yes[X] No[] |
| 4.2 If no, explain: | |
| 4.3 Maximum retained risk (see instructions): | |
| 4.31 Comprehensive Medical | \$ 200,000 |
| 4.32 Medical Only | \$ |
| 4.33 Medicare Supplement | \$ |
| 4.34 Dental | \$ |
| 4.35 Other Limited Benefit Plan | \$ |
| 4.36 Other | \$ |
| 5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
M-CAID currently has an insolvency arrangement with Allianz Life Insurance Company for insolvency protection. | |
| 6.1 Does the reporting entity set up its claim liability for provider services on a service data base? | Yes[X] No[] |
| 6.2 If no, give details: | |
| 7. Provide the following information regarding participating providers: | |
| 7.1 Number of providers at start of reporting year | 1156 |
| 7.2 Number of providers at end of reporting year | 1156 |
| 8.1 Does the reporting entity have business subject to premium rate guarantees? | Yes[] No[X] |
| 8.2 If yes, direct premium earned: | |
| 8.21 Business with rate guarantees between 15-36 months | 0 |
| 8.22 Business with rate guarantees over 36 months | 0 |
| 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contracts? | Yes[] No[X] |
| 9.2 If yes: | |
| 9.21 Maximum amount payable bonuses | \$ |
| 9.22 Amount actually paid for year bonuses | \$ |
| 9.23 Maximum amount payable withholds | \$ |
| 9.24 Amount actually paid for year withholds | \$ |
| 10. List service areas in which reporting entity is licensed to operate: | |

1
Name of Service Area
Livingston
Washtenaw
Wayne

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	1,048,319				
2. Total liabilities (Page 3, Line 18)					
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 26)	1,048,319				
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)					
6. Total medical and hospital expenses (Line 17)					
7. Total administrative expenses (Line 19)					
8. Net underwriting gain (loss) (Line 22)					
9. Net investment gain (loss) (Line 25)	(1,681)				
10. Total other income (Lines 26 plus 27)					
11. Net income or (loss) (Line 30)	(1,681)				
RISK-BASED CAPITAL ANALYSIS					
12. Total adjusted capital	1,048,319				
13. Authorized control level risk-based capital					
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)					
15. Total members months (Column 6, Line 7)					
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5)					
16. Premiums earned (Lines 2 plus 3)		100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)					
18. Total underwriting deductions (Line 21)					
19. Total underwriting gain (loss) (Line 22)					
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)					
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..					

FIVE-YEAR HISTORICAL DATA (Continued)

		1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES						
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26.	Affiliated mortgage loans on real estate					
27.	All other affiliated					
28.	Total of above Lines 22 to 27					

NONE

SCHEDULE D - SUMMARY BY COUNTRY
Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	1,048,319	1,048,319	1,038,581	937,000
	2.	Canada				
	3.	Other Countries				
	4.	Totals	1,048,319	1,048,319	1,038,581	937,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States				
	10.	Canada				
	11.	Other Countries				
	12.	Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States				
	18.	Canada				
	19.	Other Countries				
	20.	Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States				
	22.	Canada				
	23.	Other Countries				
	24.	Totals				
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	1,048,319	1,048,319	1,038,581	937,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States				
	50.	Canada				
	51.	Other Countries				
	52.	Totals				
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks				
	55.	Total Stocks				
	56.	Total Bonds and Stocks	1,048,319	1,048,319	1,038,581	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year.	6. Foreign Exchange Adjustment
2. Cost of bonds and stocks acquired, Column 6, Part 3..... 1,050,000	6.1 Column 17, Part 1.....
3. Increase (decrease) by adjustment:	6.2 Column 13, Part 2, Section 1.....
3.1 Column 16, Part 1..... (1,681)	6.3 Column 11, Part 2, Section 2.....
3.2 Column 12, Part 2, Section 1.....	6.4 Column 11, Part 4.....
3.3 Column 10, Part 2, Section 2.....	
3.4 Column 10, Part 4..... (1,681)	7. Book/adjusted carrying value at end of current period..... 1,048,319
4. Total gain (loss), Column 14, Part 4.....	8. Total valuation allowance.....
5. Deduct consideration for bonds and stocks disposed of	9. Subtotal (Lines 7 plus 8)..... 1,048,319
Column 6, Part 4.....	10. Total nonadmitted assets.....
	11. Statement value of bonds and stocks, current period..... 1,048,319

43	Schedule DA Part 2 -	NONE
44	Schedule DB Part A Verification -	NONE
44	Schedule DB Part B Verification -	NONE
45	Schedule DB Part C Verification -	NONE
45	Schedule DB Part D Verification -	NONE
45	Schedule DB Part E Verification -	NONE
46	Schedule DB Part F Sn 1 - Sum Replicated Assets -	NONE
47	Schedule DB Part F Sn 2 - Recon Replicated Assets -	NONE
48	Schedule S - Part 1 - Section 2 -	NONE
49	Schedule S - Part 2 -	NONE
50	Schedule S - Part 3 - Section 2 -	NONE
51	Schedule S - Part 4 -	NONE
52	Schedule S - Part 5 -	NONE
53	Schedule S - Part 6 -	NONE
54	Schedule T - Premiums and Other Considerations -	NONE

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART